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Welcome to the Muskogee County Board of Equalization, May 13, 2025 meeting. I will entertain a motion to call this meeting to order. So moved.

Second. All in favor? Aye. Unanimous.

First item I want to talk about is, Kyle, we received, has everyone signed their NDA? Yes. That's going to test, that's going to pertain in this meeting. Okay.

Thank you. The item on the list is discussion, possible action on dispute over 2021 omitted values from USAC representatives. Mr. Chairman, the county assessor has alleged that the company USAC Leasing has omitted property from its 2021 property tax return.

The assessor will put on their version of the events where they think that property was omitted in its appropriate value. You all are not a court, but I would recommend a court-like procedure. Let the county assessor call his representative, give the USAC representative a chance to cross-examine that witness to the extent they want to, and then when the assessor has rested, to let USAC put on whatever evidence they have.

Okay. Sounds very good. Let's proceed in that order.

Mr. Dean? Yes. USAC Leasing is a firm that operates throughout Oklahoma and many counties, but here in Muskogee County in the Haskell School District, they have got a facility where they have compressors, oil and gas compressors used in that field. And when we were going through their records for the 2021 and researching the accounts, it became apparent with discussing with a firm task that we have hired to assist us in oil and gas valuation.

Through our conversation, it appeared that there were compressors that were not rendered to us. There was a listing of inventory, but it did not include all of the compressors that we and feel like were at the facility as of January 1 of 2021. So, per statute, we served them with notice of omitted property that we were seeking for them to render to us those assets after the fact.

And that's why we are here today. Task is represented by Jerry Wisdom and Mr. Wisdom and his firm assess property in about 54 counties in Oklahoma, oil and gas related. And Muskogee County has hired them to, because of his expertise in the field of oil and gas valuation, to assist us in that valuation.

So, I'd like for Mr. Wisdom to present to you the details of why we sent the omitted and how we came up with the valuation as well. Mr. Chairman, if I may just real quick. Luke Adams, I'm the attorney for the Muskogee County Assessor.

Just want to make it clear for the record that Mr. Wisdom is here pursuant to lawful subpoena issued by the board pursuant to statute 68 OS 2877. Thank you. My name is Jerry Wisdom.

I am the oil and gas appraisal manager for Total Assessment Solutions. It's a firm that works in Oklahoma, Arkansas, about six or seven states, and I deal with oil and gas personal property in all the states. I've been doing it for about 29 years now.

Formerly I was in oil and gas, I owned an oil field supply store, so just kind of a quick rundown on my resume. What we have right here is Ron hired us last year to assist, you know, moving forward on the 2024 valuations after the fact and to do desk audits looking into this particular property otherwise. So in digging through that property as I'll present today, I'll clearly show you that these compressors were clearly omitted from the tax rolls and we put a value on those accordingly and they should be affirmed by the board of legalization.

So if we can right here, I've got a booklet that everybody has. It's got 10 exhibits in here. On the second page it's kind of glossary, if you will, of the terms.

I'll try to highlight some of the things and focus in on the key components. But these are all the listings of the properties and down at the bottom you'll find page numbers and everything or exhibit numbers that I will reference as we go through here. If you fall behind or you need that, tell me to slow down, you know, time to read.

So hopefully it's very informative. So we are at the college. If you go to exhibit 1-1, this is a letter from Mr. Dobson that's in a room saying close you will find OTC 974 informal protest for the above reference account.

Please provide us available dates for informal hearing. So that is the informal hearing that we held with them. So we held an informal hearing with them, but on his protest on his 974, if you'll turn to 1-2-2, so on the informal protest what he stated was personal property consisting of natural gas compressors and related equipment highlighted in the middle.

He had the tax year 2024 form, but it's really, it's kind of the same form and I put a 2021 at the top. And then the reason for the protest, this is important, omitted property assessment was issued for tax year 2021. There was no omitted property.

So that's her claim, there's no omitted property. A rendition was timely filed, assets were assessed, and taxes timely paid. So the value that he has was N-A.

So their opinion of value for these omitted compressors is zero. He's saying that they reported the property clearly and it shouldn't be on there. So that's kind of their case and we'll let him do that.

That's why we're here today. So I'm going to talk about some relevant statutes for the assessor. First of all, the burden of proof for omitted property is on the assessor's side.

So the burden of proof is on us, not necessarily them in this manner. So I think when you get to the end, you can clearly see that the property was omitted, the values are correct, and that should be upheld. So we talk about 682024.

He says, if any real personal property, public service is omitted in assessment of any prior years or years, the property there escapes just the property taxed at any time, which is underlined, as soon as such omission is discovered, the county assessor or the county board of legalization or the state board of legalization in case a class of property has been omitted, shall at any time cause such property to be entered on the tax rolls, assessment rolls or tax rolls for the years or years omitted, not to exceed 15. For 15 years for real and three years to personal property. So in 2024, we gave them a notice for omitted property for 2021.

So 23 possibly could have been omitted, 22 and 21. So this 21 falls within that three-year window. There was no omitted property, in our opinion, for the 22 and 23 tax years.

So they did give us a list. They did have the other information. And you will see that that's part of the issue that we have with them, that they did not render the property in 2021, thus proving, and the burden of proof is on the assessor, that it was omitted property.

Exhibit 2-3-8. So this is 68-28-38, lists or schedules. It says, all corporations organized existing or doing business in the state, other than railroads, air carriers or public service corps, by the state board of legalization, and other than national banks, state banks and trusts, and building and loan, shall, or before March 15th of each year, return sworn lists or schedules of their taxable property with each county to the county assessor of such county, and such property shall be listed with reference to the amount, kind, and value.

That's important staffing. So you've got to say how many you have, what kind of property it is, and what the value is. It shall be the duty of the corporations to make under oath and deliver to the county assessor, where it's a principle of transaction on forms prescribed by the tax commission.

So they are to supply that information each year. The form that we're talking about, gentlemen, is a 901-P. So that is the form that the companies render to the county assessor.

So we'll be looking at the 901-P for 2021. All right? Okay, this is a very important statute as we sit here today, too, with this, and I want the board to take note of it. 682839.

Statements of capital investment, other necessary information, neglect, failure, or refusal to furnish information. A, it shall be the duty of the taxpayer upon written request of the county assessor or the county board of equalization to furnish under oath a written statement showing the amount of capital investment in any plant, equipment, stock, or merchandise or material. B, should any taxpayer neglect, fail, or refuse to make a proper optimization of property in any county, fail or refuse to furnish other information required by this section, where section 38 is actually, the duty of the county assessor or the county board of equalization to ascertain from the best information obtainable the value of the property of such taxpayer, and as a penalty shall add a 10% of value, therefore so asserted.

So if a taxpayer refuses or neglects to give us a total capital investment upon written request,

they can't place a 10% penalty. We submit to you that they have violated that statute here. We did send a written request and they did fail to give us the total capital investment and therefore are open for a 10% penalty as of today.

The last statute I'll talk about, 682843, unlisted property discovery assessment. Any personal property is not listed with the county assessor on or before March 15th of any year. The county assessor shall, as soon as the admission is discovered, to ascertain and estimate the best information available of the amount, kind, and value of such property.

It shall list and assess the same owner thereof as such property. C is important. No assessment becomes final until 10 days after the assessor.

So we did ascertain the information, we did do that, and they did file their informal protest, subsequently held informal, and now we're here. Okay, so those are kind of the last statutes. So let's talk about Exhibit 3-1.

Exhibit 3-1 is the 901P for 2021. That is the prescribed statute that was mentioned in the statutes that I uttered. So this is the form that the company should fill out to the county assessor by statute, okay? So it has in here, it says, Beginning Total Acquisition Cost and Ending with Additions and Deletions.

It's got Tools, Machinery, and Equipment that I've highlighted, Booster Stations, and look down here at the bottom, Part 3. I didn't highlight that, but it says Inventories. So these are the things that they have in a total fixed asset listing above the line. You have Inventories below, Fixed Assets.

Gentlemen, inventory does not depreciate, okay? So when you have a value of inventory on January 1, that's the value of the amount of inventory. A fixed asset would depreciate depending on trends, I mean, depending on the age of the type of the equipment. So two different scenarios there.

So if you look at the forms 901-P, and if you will, just go to 3-3 because I blew it up for all of us old eyes. So these are the instructions on the 901P that's prescribed by statute. Who must file? All business, concerns, partnerships, or individuals.

Oklahoma law to file each year. The rendition must be signed by owner, partner, officer of business, or concerned or designated agent. Taxpayers filing 901 attach a complete detailed listing of all taxable assets grouped by description, year acquired, and total acquisition costs.

Okay, so we've heard of description. We hear of total acquisition costs again. The forms prescribed by the 901P says that as well.

What is a total acquisition cost? Report the total new or used costs at the time of acquisition. This will include direct and indirect costs associated with the assets. Components used to estimate the total acquisition costs may include but not limited to repair or reconditioning of an

asset to place the asset in working condition.

Finally, you're supposed to give us the year acquired, acquisition, or purchase date. Depreciation cannot be calculated correctly without that. So you've got to have a year to figure out what held it was to calculate the valuation.

A couple of descriptions on 3-4. What's machinery and equipment for the board? Machinery and equipment are items of personal property used in the normal conduct of business that are not permanently attached to real estate and are unlike inventory, are not intended to be sold. So that's the machinery and equipment.

Inventories include specific category goods held for sale for the resale in the course of business and process productions and raw materials. I'll just skip over the other one. 3-6.

The Oklahoma Tax Commission every year publishes a cost book for the assessors to use to report, to help assist them in valuing the property. I submit to you that the valuation that we have done in this case follows this right here. So when we get down to the end of how many it was, we use this particular pipeline schedule to value the property.

And we'll show you other instances throughout that where the taxpayer has done that as well. So this is how, when we get to the end value, we're going to take the compressor by the horsepower, we're going to multiply it times this number, and it's going to give us a replacement cost new, and then we're going to add a depreciation factor to that based upon a 20-year life, and then we're going to total up the numbers. So that's logistics over there.

It's simple math. Gentlemen, math doesn't lie. So you get to the numbers, and that's the end.

4. 4-1. I want to step back a little bit a few years. The first year that K.E. Andrews reported the property was in 2014 with this yard.

And it's a storage yard, and they do some repairs and maintenance on these compressors, but they store them. These compressors move around like mobile homes. They'll move in and out, back to the lease site maybe 2 years, 1 year, back to the yard, rework them, and send them back out.

So they're maintaining these particular units all the time. So this is a rendition in 2014 for K.E. Andrews. We assert, and the facts will show, that K.E. Andrews omitted these compressors in 2021.

So we have two different tax reps that we're talking about here, K.E. Andrews, and then CRESP partners took over the renditions, or took over the job in 2022, and Lisa Waller is back here in the back. She's the one from 22 on that's been filing properly. So we'll see one of hers here in a minute too to compare back to Mr. Andrews and what they do.

So you can kind of see the same form, inventories, so on and so forth. If you flip over to 4-2. So

4-2, and I'm going to go through this.

We've got about 21 of these. I'm only going to show you a couple in the total. But here's the way that they render a compressor.

You see on the left item named compressor. Okay, it's kind of highlighted, compressor idle. So you've got a size, it's 145 horsepower.

You've got a quantity of one, and you've got a year, and he provided a fair market value, not total capital investment for that year, but a fair market value of 15,258. So if you look up at the very top in black, you can see that this was unit number 1259. So each one of these compressors that we'll see, and there is 607 omitted units.

So that's another note for you gentlemen when we get to the end, there's 607 of these that were omitted in 2021. So you'll see a unit number ID, and then you've got an age. You flip to the next page, just for example, you've got another compressor, 1450 horsepower, 2006, unit ID 1747.

So all the way through to 4-22 are lists of compressors. So if you just want to flip back to 4-22. I'm having trouble going back.

I must have glued it together. Okay, so 4-22, that's the last one of the 21 compressors, and it's a 95 horsepower, 1989, unit 1126 with a value. So each one of the units, remember the statute says, detail kind and value type listed.

So Mr. Andrews did that in 2014. Go to the next page. In 2014, also with the rendition, is inventory.

You see this title at the top. So they reported inventory, quantity of one, a value of \$1,932,591. So again, we have different.

The first 21 of those was fixed asset listings, right? They're not. This is inventory. Inventory is a current asset, not a fixed asset on your books and records.

Fixed assets depreciate. So he reported inventory and reported the compressors. The next page, he also gave a rundown.

So of all those 21 compressors that we just looked at, you've got over here, you've got the unit ID numbers that were all along there, all the different horsepower, and then the inventory. So clearly, he was following the guidelines set out by statute and by the tax commission report of 2014. Ticket five.

Now, we're just going to jump to the 2021 year. Because, guys, that is the year that's in question. Remember, the statute said we can go back three years.

So you've got 23, 22, and 21. So this is the 2021. This is the signed return under oath that Pat

Crumpton, with K. Andrews, supplied to the assessor's office.

Turn the page on the next one. And you see the rendering. He rendered inventory.

Everybody see that? I guess my page got cut off at the bottom on this statute. It's got inventory quantity of one, no year. Because it's not a fixed asset, we don't have to depreciate it.

And it's \$3,427,379. The assessor took his inventory that he rendered and put \$3,427,379 and sent it out. And that's the taxes and stuff that was paid on that.

Only on inventory. No compressors. So you say, but Jerry, how do you know there were compressors? Wait a minute, I'll be there in just a second.

So we go to six. And six is the 2022 901P. So you say, Jerry, why is that important? Well, that's one of the things that we came in, Lisa's with Kress Partners.

She's a different tax rep, first year she has, so how does she report the same things that were going on last year except a year later, okay? So she says, see other, Lisa Waller signed it. She's got a pretty handwriting. I've known Lisa a long time.

So if you flip over to 6-2, this is hard to read. But if you had glasses, you could read it. But here's what Lisa reported.

She reported heavy equipment inventory. Okay, that's inventory. She comes across here and she's got it listed, the description of the inventory, the item, and where it was located, and a cost on the right-hand side.

So at the bottom of that was 530 with inventory, and the next page was 1,113,642. Okay, so that's the inventory for that yard in 2022. Now then, the next page.

So this is the important component of this. Now then, if you remember the listing that Andrews had before, he had a unit ID. You can see on Lisa's third column over, it's a unit ID.

So it lists every single unit. It's like a serial number for that unit, so we can look at that. Then they have status.

They got the horsepower because the tax commission said if you got a horsepower, then you apply it times that, and that gives you your value. So we needed that. It's got stages, three-stage or two-stage, the description of that.

The year package. So the package unit would be the age of the compressor itself because we've got to have that to depreciate. You come across lat and long.

Here's how she valued it. If you look at the very top, it says OTC compressor schedule value. So she took the horsepower times the OTC number, and she put the value in.

Gentlemen, that's exactly what we did in 2021. Press partners did this year, and they got the

assessed value in 2022. So there's no lawsuits again in 2022 as to the valuation, and this is the way they did that.

But back, if all of these units come in before 2022, were they there in 2021 is the \$100 question. So this compressor list, the next 10 pages list all the compressors that was at that facility on January 1, 2022. If you go to 6-14.

So this is the total. They had 522 units, 80,000 horsepower compressors, total value of \$66,675,344. What was the value of the fixed assets the year before? Zero.

They didn't have any. All they had was inventory. Leases showed they had \$1.1 million in inventory on 2022.

Number one, they're saying that still haven't proved that they were there yet, gentlemen. But right here, according to this, Anders did not have it. Lisa came along, and we got 522 units all of a sudden.

So what we did is we went to Google Earth or Aerial View, and I don't know if you've ever used Google Earth or not, but you can go back and capture each snapshot they have, and it will give you a date that the photo was taken. And you can go back in time all the way back, and we did this all the way back to 2004 chasing these records. But this one right here, this is a snapshot of the yard itself at Haskell dated 11-20-20.

So that's about a month before the end of the year. Granted, it's not January 1. So KEA rendered \$3,427,379 for inventory. How many units are there? Do you see them? They're piled up.

He did not render anything for the units, gentlemen. So that's proof number one that they were there. Okay? So how many did he have? So, okay, let's go to the next page.

6-10-22. So this is about a year later after January 1-22. Kress rendered 66,675,000 for 522 units.

Guys, just flip the page from one page to the other and look at the difference. Okay? You can see clearly that in 22 they had less units, okay, because they've taken some of those out and moved them. Therefore, they were there on January 1, 2021, and they should be valued as omitted property.

So go to 7-3. So how did we determine it initially? So we initially determined. I went and blew those up, and I counted those units from aerial photography.

On this particular page, I'm showing approximately 418 units. It hurt my eyes, but I could blow it up. So you can see them piled up there.

So are we right or not? We'll get to that in just a minute. The next page, the other south half of the yard, we found 193 units to be piled up around the setting out, you know, for a total of 611 units. So our initial valuation model that we noticed to USAC had 611 units.

What we did is we used the 2022, and we looked at these other. These units right here on these were much larger units. Our initial valuation was an estimate.

Our estimate that we sent out was 611 units. Okay, it's omitted. Go to 8. So this is a letter from after they filed the informal that we talked about in Exhibit 1. Ron issued them a letter dated October 2021 saying, We received your 974 regarding USAC for tax year omitted fixed asset compressors.

Remember, we're talking about fixed assets when we identified them. We found to be located in Haskell County. You requested available dates.

And he said the assessor noticed USAC for 612 units unlisted on fixed for 2021 per 2843. We've seen statute 2843 earlier. This is a request from Mr. Dean.

Please provide the following information for natural gas compressor units located at the EMI facility as of January 1, 2021, within 10 days of receiving this letter in compliance with 2839. So 2839, you guys can flip back, but I'm going to read it to you again. 2839, it shall be the duty of each taxpayer upon written request of assessor or the County Board of Equalization to furnish under oath a written statement showing the amount of capital investment in any plant, equipment, stock, or merchandise or material.

So Ron requested a total capital investment for each one of these units. Basically say, hey, you've got, you bought this unit in here, the detail of it this year, you repaired it, you capitalized this, and this is the value that you have. We did not receive that from them.

They're in violation of 2839, and they can have a 10% penalty on there, or make them give that information. We go back to Exhibit 1. Their opinion of value is zero, or not A, or N-A. So we've already shown you that inventory was only reported and the fixed assets.

So I think that we should follow up with getting this other information. So let's go to what else we said. He said we asked him to send the unit ID, the horsepower, stage, type, description, and year of package along with the 2839.

Okay, remember when you had that list from Crest and Andrews before, it had the unit ID. It had a horsepower, the type, so we can value that. But we asked for the total capital investment.

That's a key crucial point in the valuation model of this, of their cost basis. If they have it, it would tell us what kind of units they have. If he fails to comply, I'll assign a 10% penalty.

So Exhibit 9 is what Mr. Dobson returned in response. They did send us a list of the other. He gave us the unit ID.

He gave us the horsepower, the type, manufacture, the driver model, gave us a very good depreciation. Where is the total capital investment for each one of those units? He failed to do that. He didn't give us the valuation model, the valuations of those units.

Therefore, he's in violation of 2839 with the assessor, which may have prevented us having a hearing here today. I doubt it. I was being facetious.

So if you go through here, we have, through those pages, you have, and we asked him what was there on 621. He had 607 units, according to him. We had 611.

I was pretty good on the count. So now they've admitted that all these units, we've seen an aerial photo of those units being there. We can see the difference between that and that.

They're clearly omitted, gentlemen. There's not much more to talk about except value, okay? So the valuation that we did is on Exhibit 10. Exhibit 10 you see at the top says what schedule.

We used the OTC schedule. You had the omitted. So for every one of those units, you see an asset ID that Mr. Dobson gave us, the list.

And then you've got the horsepower, price, depreciation factor, and fair market value. So the fair market value, let's just go to a summary page on the very last one. So this breaks the compressors down in type.

So we've got 100 to 399 horsepower. We had 65,809. It's a very detailed list of that.

The fair market value of the omitted compressors on January 1, 2021, according to the Oklahoma Tax Commission, just like Crest Partners rendered it, just like the state sent the guidelines out, is \$87,598,921. Now then, because it's omitted and the statute says they shall, the assessor shall, apply a 20% penalty. You can't opt out of that 20% penalty by statute.

So on top of that assessment penalty, the assessed value is \$2,102,374. So the total assessed value for the facility is \$12,614,245. I believe that having the burden of approval on the assessor, I believe through this information that we have, we have reached that threshold.

We do see the units there. They admitted in their listing that they had 607 units. They failed to give us the capital investment, and their number is zero.

So that school district is not getting any funds, you know, since 2021 on this particular one. But we believe that through this information, that they'll stand up in court of law, that it stood up here, and we'd ask that the board affirm the value plus the omitted compressors. And I'd be more happy to answer any questions that you have.

So just to be clear, in Exhibit 9, this listing was not provided for the 21, for the tax year 2021. That's right. You see in the exhibit, under Exhibit 5 or 6, they did not report those units.

But now they're reporting now as of January 1. So now that they've said it, that was what was there. And that would go, simply, gentlemen, with the aerial photography account. So in 21, the only thing rendered was inventory.

That's correct. Of \$3 million and something. \$3,400,000.

That's correct. But then after that, it seemed to be- Reported correctly. Correctly.

Lisa did a good job in reporting the assets, as she always does. And earlier, you said Haskell County, but I know you meant- Haskell Town. It was listed in there as Haskell.

Yeah, the town of Haskell. It's right south of town. Did I leave any holes, gentlemen? I don't have any questions at this time.

Mr. Wisdom? None. Thank you very much. I think it would be appropriate, before he steps down, to give the responding party a chance to cross-examine.

You bet. Gentlemen, it's good to see you again. I think this is the fourth time I've been, at least the third time, maybe the fourth time I've been in front of somebody.

I like coming to Muskogee, but I'd like to stop coming for a client. I'm not going to get up here and make a point-by-point counter to what Mr. Wisdom said. I'm going to make a couple.

The first thing is, we assume, Mr. Wisdom assumes, that they only rendered inventory. From what I can tell, it was the practice of KEA that they would render the yard. Now, did their renditions, should they have been better? Should they have been more detailed? Absolutely.

I'm not here to say that they shouldn't have been. I'm not here to defend them. But it doesn't make the property omitted.

They rendered the yard as a whole. The big, bold inventory on Mr. Wisdom's exhibit, he added that. It is on there, up top, but we're making assumptions about what they were doing.

They did this in years past as well, and he didn't include those. But they had a practice of rendering just the yard. Again, should they have been better at rendering their assets? Absolutely.

I'm not here to defend them. But does it make it omitted? No, it does not. I think we get lost a little bit in what the assessor's duties are by statute, and that is to go out and value property.

That's the assessor's duty. Taxpayer renders property, and the assessor makes the assessment. He values the property.

So, Jerry mentioned 2839 a couple of times and said that we were in violation of that this year for 2021. I disagree with that. This is a statute that should have been followed by the assessor in 2021.

If he received a rendition that he believed did not allow him to properly value the property or didn't give him enough information, then he goes to 2839. Then he submits the letter to the taxpayer and says, Hey, guys, I don't have enough information to value this, so you need to give me all this stuff, and if you don't do it within 10 days, you're going to get a penalty. That's what should have happened in 21, and this problem would have been resolved.

It doesn't make it an omitted property claim. Maybe there was an unclear rendition. I agree with that wholeheartedly.

But they did file a rendition, and they did file for the equipment yard. In order for there to be omitted property, you'd have to believe that they only rendered one, but they had a practice of doing this. Again, was it sloppy? Absolutely.

It doesn't make it omitted. On the valuation, every other time I've been up here in front of you guys, I have not been, had not been in the property. Now I have.

I don't believe Jerry's been there. I don't believe he's seen these assets. Jerry, if I'm wrong, correct me.

I've not been in the yard. I've been by the yard several times, but not inside the yard. Okay.

Well, I think you're scheduled to do that, and when you do, I think you're going to see what you're dealing with. It's a bunch of junk. Cobwebs, missing engines.

It's a bone yard. That's what it is. And to put a full value on this property, according to what the OTC schedule says, that it's designed for stuff that's in use, designed for things that are usable, is improper.

So first of all, the property was not omitted. Was it poorly rendered? Yes. Was it omitted? No.

If you don't include all the things that the OTC says on their 901, it doesn't mean that de facto there's omitted property. It's just not the case. The assessor should have sent a letter.

He should have made an inquiry. He should have gone out to the yard, and he should have valued the property in 21. This feels a little vindictive.

So as far as the valuation goes, I'm not here to tell you what the value is, but I will say this. We are now in litigation for 23 and 24. We've got expert reports that are about to be exchanged here in the next month.

We have supplied all of this information to the assessor's attorneys. They have it. They've got it all, everything we've asked for, as far as I know.

So then if it's omitted, if you gentlemen think it's omitted, then you're going to have to put a value on it. But it's not going to stop here. We all know where it's going.

I just think it's unfair that we're being drugged back in here for something that should have been resolved in 21. The assessor should have went out and looked at the property. He should have put a value on it instead of just accepting the rendition as it was.

There's two duties, the duty to render and the duty to assess. They rendered. It's not like Leeson wanted to do, which I agree is the proper way to do it, but it doesn't make it omitted.

And that's it. If I could counter on a couple of his points. Go ahead, Mr. Wiseman.

Number one, he says it's the practice of K. Andrews to just render the yard. Everybody turn to Exhibit 4. If I may correct you, I'm not saying it's the practice in 2014. I'm saying that's what they did.

I've got a rendition from 2020. I'm not here to debate that, Jay. Like I said, you say it's not a practice.

The assessor can't go back to 2020 or 2019 or 2018. But you only included 14. I didn't want to include everything.

I gave you an example. Well, you're just saying it was a practice of them not to report. No, it's a practice of them to give a notice rendition, which is what they do in Texas and what I understand.

I'd like to make a comment on that. We have got a lot of accounts and a lot of property, both real and personal, to value each year. And we do that with limited funds, with limited staff, with mass appraisal, approved mass appraisal practices.

Real and personal are different in the fact that we are in statute required to physically inspect all real property every four years. Personal property, the statute gives direction to property owners, business owners, that they are to render all of their assets each and every year to the assessor's office. And then statute provides a time for us, if we discover anything omitted, to go back.

The statute allowed us to go back to 2021 when we became aware that there was an omission made in reporting their assets. Was there omissions for 20? Was there omissions for 19? We did not do the research to find out if there were omissions for those because the statute said that we at that time had come and gone and we could not go back to those. There may have been, but when we became aware, we followed the statute and we filed on that omitted property.

When we became aware of it, we are not asserting that there were any omissions for 22 or for 23. We're saying that for 21, it is evident to us that there were omissions made. And on behalf of the statute and the entities that live and die by property taxes, we are following the statute to see that this company pays what is appropriate based on statute and based on law in a fair and equitable way with how all other firms are valued.

So that's what we are doing. There is nothing in our actions that is outside of what the statute says, and we are simply following those. This has nothing to do with 23.

This has nothing to do with 24. This has everything to do with how K. Andrews reported it to us, the fact that when we discovered it, we took action, and that's why we're here today. If I could go back to Exhibit 4, like I was saying, on his point one, he's saying it's a practice to render all the yard wrapped up.

If you look at Exhibit 4, we clearly showed that Mr. Andrews was rendering by he gave you the horsepower, the age, the year, the unit number, and everything. Subsequently, what he did after that doesn't matter until we get to 2021. And then also if you look on Mr. Andrews' exhibit, there was inventory on 4-23.

So that takes care of that. It didn't matter what they would do. I want to point this out.

This is important for the 901 rendition that they signed, okay? It would say, Pat Crumpton, under penalties of perjury, do hereby oppose and say that I'm an agent for K. Andrews, that as such, I'm acquainted with the books, accounts, and affairs, under penalties of perjury, and affairs of said company, and know the company's statements to be true, correct, and complete, and that all of the information requested here has been fully and correctly given. So they signed that under oath. I think that if Mr. Dobson is saying, well, Andrews didn't do that in 2019 or 2020, maybe we should pass that on to the district attorney to apply fraud charges for signing false and fraudulent renditions for the prior years.

Is that where we are? No. Is that where we are? No. That's what happens when Mr. Rism gets involved with these.

If you look at 19, 18, 17, the big issue they have is the dollar amount. The dollar amount that they rendered significantly dropped in 20 and 21. And what was going on then, everybody knows.

The comment was made that these were so boneyard. So what's the proper procedure to remove them from the books if they're no longer an asset or they're scrap, I would say? And that's where, with visiting, when the information is given to us and it is rendered, that is the process of them giving it to us, us putting it in, and then when there is a question, that's where we go through the statuted procedure to discuss with the company about their assets and why they feel their value may be different than ours. That's the whole process that we are in on this.

But if the assets are never rendered, we cannot have that conversation. And what we're saying is that on 21, they never rendered those to us for us to value them. If you look at 22's value that Crest turned in to us and their listing of assets, it did not reflect a boneyard.

I wouldn't necessarily call it a boneyard. It is a yard where they repair these units and they store these units and they go in and out. He's making it sound like it's all junk and scrap metal.

Again, the detailed capital investment and everything would be another information to depict that. Are there units that hadn't moved out there in two or three years? Absolutely. But if it was, they would have sold them as junk.

That's what I was wondering. Whenever they render them to us as equipment with ID numbers, the value, year and everything, that seems to be them saying that this still has value. It's not scrap.

But what is the process for them to say to not? I mean, if they don't render them to you and there's something sitting out there, how do you know that, hey, this thing is no longer, it might as well be a ball of metal? We don't know unless they render and give us the information. The other thing, personal property is self-reporting for the assessor's office all across the state. Jay may apply and say, well, he's supposed to go out and discover that.

That's why we have the 901P for them to self-report under that, and then we go from there with that list. Okay. I just wanted to try to get my mind straight of what that process means and how anybody would know the difference between it that doesn't know that equipment from working with it or having knowledge.

They're still carrying all their books as fixed assets as it's sitting there. It's not, you know, it's not. They didn't do a scrap value or it wouldn't be on the books.

We don't have that list. I can give you just a brief experience that we had last year when a company called us and said we'd like for you to come and visit and for us to go through the assets. In doing that, we spent two days out there, and it's a large manufacturing plant, and they had sheets of assets, and we walked through.

During that, because they had a new group that was assisting them in their valuation and their rendering, and the company had sold a couple of years prior to that, so we started going down and breaking down because they had listed some assets that we used the regular schedule given to us to value them, and they said, okay, but those, you've got like four assets all with the same description on them, and we valued them the same, and they said they shouldn't be valued the same, and we said why, and they said let's show you these two, and they took us to these two, and they're operating and they're running and products going through in the whole bit. They said now let us show you these other two, and they took us outside of the plant and showed us basically them sitting out there, and they were not usable. They were using those for parts now to take care of the lines that were in there running, and we said, okay, that makes total sense.

Do they have value? Yes, they have value for parts, but do they have the value of the ones inside that are being used? No, they don't have the same. Well, likewise. That's where we have discussed with them and with Crest on the valuation.

We did that when we made a change on one of the years and with them on breaking down the assets, but that goes back to the rendering responsibility of the owner to tell us what assets they have and what they're used for, and is there anything outside of the norm, and to say that the responsibility is on the assessor to know that? No. In Oklahoma, it is their responsibility to render them and to tell us, and then to discuss them with us if there's something they know about them that we don't, that they did not include on their rendition, but that was not done in this case. It is my condition that the 607 units were sitting there, were not rendered to us, and were not valued properly, and they need to be, and violating the omitted is just a fair and equitable thing to do.

Mr. Chairman, if I can... Since at least 2015, they rendered the yard as a whole. That's all I can say. It doesn't make it omitted.

Poorly rendered? Sure. Doesn't make it omitted. Mr. Chairman... If they wouldn't have filed a rendition, that's omitted.

Thank you. Thank you. Yes, sir.

If I can make this suggestion, I think it might facilitate the board's decision. The assessor maintains these properties were omitted. The taxpayer maintains they were not.

Perhaps an initial decision on that before reaching evaluation would probably be appropriate. Certainly, if the board believes they're not omitted, then there's no need to discuss valuation. I believe Mr. Dobson said he's not ready to discuss valuation today.

Is that correct? Is that what I heard you say, sir? I would say the valuation discussion would be subsequent to the finding of omitted property. Based upon that, I think it would be appropriate for this board to make a decision on whether this board believes the property was omitted or not. Then, if you determine it was, we can have a discussion about valuation.

If you determine it wasn't omitted, the case is over. I'm having trouble reconciling in total fixed assets in 2021 of \$3.4 million and in 2022 of \$71.66 million. Then, no schedule of compressors and with the aerial photos.

Omitted or not omitted, I just don't see how I can get around that it was not omitted. I think it's a good question to ask. I don't know who to pose this to first.

Excuse my voice, folks. Are any of the fixed assets listed in 2022, are they a part of that aerial picture that was taken in 2020? Yes. They are the same? Yes.

They just were not reported here, but now they're being reported? That's correct. When you say they were not omitted, what's your definition of omitted? Omitted would mean not filing rendition. Omitted would not say, I'm not here to defend the way they rendered.

I'm really asking you a question. It would be if they didn't render something that was out there and they didn't even render it. They rendered the yard.

I know it's comical to think about whenever you look at the detail that the Kress ladies have done, but it doesn't mean they didn't render. It doesn't mean that they omitted the property. They just rendered the yard and what it was, and that's what they had been doing since at least 2015.

So it's the taxpayer's position that the 3.4 includes inventory and the compressors? I think it's compressors, yeah. It says miscellaneous equipment, and then it says the yard. The \$77 million number on 22, I believe, is a cost.

It's original cost, so it's not a value. So Mr. Wisdom equates the two all the time, but it's improper. Because we've had three meetings in here where we've all discussed that.

Just because something costs something doesn't mean that that's what it's worth. So you can render cost. You can also render value as a taxpayer in Oklahoma.

So they rendered value, and I believe that was their practice. And that's what they did in 2020, 19, 18. That's what they did in 21, and it was accepted.

No notification was sent to the taxpayer requesting this information in 21, which is what should have happened. It didn't happen. I want to make sure everyone remembers that duty is on the assessor to value the property.

That's what should have happened in 21, if there was an issue. I think that's why the statute gives him time to go back and fix any problems. It gives him to go back three years.

That's why we can't go back to 2019, 18, and 17. If it's omitted. Yes, sir.

If it's omitted. But again, your argument about they rendered it, but you can, oh, I've got this, but if you leave something off, that's an omission to me. You can say, here's what I've got, but if you leave all this off, and then all of a sudden the next year it's here, that was an omission to me.

You omitted it. I understand. I understand.

I mean, I understand how you can see that. I do. I just think it's broad enough.

And I don't agree with the way they rendered it. But it's broad enough, the language on the rendition, that it gave at least a description of the property that was on it. So I would argue it did not get much.

I would argue that as well, because the detailed list we get in 2022, and then you just get an inventory list with none of the horsepower. But it doesn't mean that they omitted the property. I think that's probably something we're going to work out outside of this room.

But, I mean, I don't have anything to say. You gentlemen, you do what you're going to do. And I appreciate your time.

And I may be back here one other time, but hopefully that's it. Thank you. That's all the questions.

I don't have any more questions either. So is there any other, anybody else want to have anything to say before we move forward with a decision on this point? Well, I'm ready to make a move to accept the assessor's rendition. That the property was omitted.

Not the valuation, just that the property was omitted. Please, yeah, make sure that we get that

right. Yes.

I have a second though. That's a first and second. Now, my words on this is, it seems to me, thank you.

Because what I want to do is make sure it's proper for not only the county, but for the taxpayer. And ever since 22, it looks good. I mean, we all clearly see the difference.

The question of omitted, I think probably the practices that happened 21 and back, it was probably omitted the whole time. And I got a feeling, understand the reason why they would do that. I too believe it was omitted.

And if it's not there, to me, that means they left it off. Whether it was intentionally or not, doesn't, to me, I mean, to me it doesn't matter really in this case. But if it's not there, I think it too was omitted.

So this board finds 330 that the property was omitted. And the assessor did provide the proof of burden that it was there and wasn't omitted to the county. Rendered to the county, yes.

I would like to- I was just gonna say, real quick, procedurally, and John Tyler, go for your time in on this. Yes, sir. I believe that we have a 2025 valuation issue that's current right now.

Is that correct? I don't know if we've had our informal, have we had our informal? We're gonna have it actually. So we're gonna have the informal, and then we're gonna be right back in front of you gentlemen. And Jay, you may not be.

To talk value. You might agree with the value. Yeah, I doubt that.

So to talk value for 25. I would request that at that point in time, if we could table just the valuation discussion for 21, until at least another day where we can do both of them at the same time. And that'll allow the way you've addressed it, put some material together to talk about just the valuation aspect.

That's what the motion was. Okay. And you probably need to call for a vote.

Yeah, we need to actually call for a vote. I'm hard of hearing. No worries.

It's tough. So we'll call for a vote, whether we found the property omitted for 2021. And then we can look at the evaluation at a later date.

Perfect. Thank you. Mr. Wren.

Yes. And I vote yes also. So three to zero.

That passes. Thank you. We will work with the taxpayer to find a time that works for the board.

We can come back and talk about the valuations. But we appreciate the board's decision today.

Mr. Hammonds, if I could, I would suggest to the board, the board do as you wish, but I would suggest to the board that you consider issuing a subpoena to USAC to fill in that one gap, if you look at exhibit nine again, to fill in the one gap that they missed with regard to value, at least to give them a chance to opine as to their opinion of that, prior to maybe setting a value or issuing a 10% subpoena.

Okay. Well, thank you. That would be a detailed fixed asset list, so the total capital investment since acquired for each unit.

Thank you. If there's, and we'll, the parties get back with us on a date so that we can discuss this moving forward. Yes, sir.

If there's nothing else, then I'll entertain a motion that we adjourn. So moved. Second.

All in favor? Aye. Passed. Thank you.